

**THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

DOCKET NO. 2021-324-WS

IN RE: Application of Kiawah Island Utility,)	DIRECT TESTIMONY
Incorporated to File Proposed Changes)	
in Rates, Charges, Classifications)	OF
and/or Regulations for Water and)	
Sewer Service.)	BECKY DENNIS

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Becky Dennis. My principal place of business is 31 Sora Rail Road,
3 Kiawah Island, South Carolina 29455.

4 **Q. WHAT IS YOUR CURRENT POSITION?**

5 A. I am employed by Kiawah Island Utility, Inc. ("KIU" or "Company") as the Director
6 of Operations. I began working here as an Operator Trainee/Clerk in 1978, then
7 became General Manager in 1993. In March of 2016 my title changed to Director of
8 Operations when SouthWest Water Company ("SouthWest") purchased the stock of
9 KIU's holding company. My duties include complete oversight of all water and
10 wastewater operations, regulatory compliance, customer service, budgetary monitoring
11 and approval, repairs and maintenance, capital projects, and support for all services
12 provided by KIU.

1 **Q. PLEASE STATE YOUR EDUCATIONAL AND PROFESSIONAL**
2 **BACKGROUND.**

3 A. My work experience in the water and wastewater industry began with Charleston Water
4 Systems in 1977. I was among the first female operators at the Plum Island wastewater
5 treatment facility, working as a Vacuum Filter Operator. I've always worn many hats
6 at KIU. Hired as a clerk/operator trainee, my tasks involved not only office and
7 laboratory duties, but customer service, meter installations and repairs and operating a
8 sand filter water treatment facility. When I was hired in 1978, KIU operated a .500
9 million gallons per day ("MGD") aerated lagoon wastewater treatment facility, which
10 is currently rated at 1.7 MGD. I have been able to expand my experiences in water and
11 wastewater, customer services, business management, and many other areas too
12 numerous to list. Growing with a company and working each task of providing quality
13 service and adequate supply to our ever-growing customer base has been a personal
14 responsibility I cherish. I am licensed by the South Carolina Department of Labor,
15 Licensing, and Regulation as an "A" Level Operator in Water Treatment, Water
16 Distribution, Biological Wastewater Treatment, and hold an "A" level Wastewater
17 Collection Certification. At this time the Collection System licensing is considered
18 voluntary. I have an Associate Degree in Business Management obtained from
19 Ashworth College.

20 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

1 A. The purpose of my testimony is to discuss the nature of the operations of KIU, the
2 outstanding level of customer service provided to its customers, system enhancements,
3 and the rate structure.

4 **Q. WHAT IS KIU'S SERVICE AREA?**

5 A. KIU's service area encompasses everything within the boundaries of Kiawah Island
6 ("Island"), which is a 10-mile-long island located across the river from Johns Island.
7 KIU serves residential and commercial water and sewer customers as well as irrigation
8 customers.

9 **Q. WHERE ARE KIU'S OFFICES AND WASTEWATER TREATMENT PLANT**
10 **LOCATED?**

11 A. KIU's office and its wastewater treatment plant are both centrally located at 31 Sora
12 Rail Road, inside the Resort. We have other facilities, such as 53 sewage pump stations
13 throughout the Resort. A map showing KIU's service territory is provided below as
14 Exhibit BD-1.

15 Ex. BD-1 – Map of Service Territory



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1 **Q. DOES KIU’S LOCATION PRESENT OPERATIONAL CHALLENGES?**

2 A. Yes, it does. Our water, which is purchased from St. John’s Water Company, must be
3 pumped through two separate lines that run under the Kiawah River. The initial 16”
4 Ductile Island line was installed in 1978 and has experienced a significant number of
5 breaks due to age and location, causing interruptions in delivery of water to the Island.
6 It became critical to install a redundant supply line to the Island to ensure that our
7 customers have a safe and reliable supply of water, even during high demand summer
8 months. The second, most recent line was completed in 2017. Planning for this project
9 began in 2011 and included three phases. During construction, the contractor for Phase
10 Two experienced a failure in the 7,000-foot directional drill under the River, resulting
11 in delayed completion and additional costs. Litigation resulted from the additional
12 costs and delays. KIU settled the contractor’s claim of more than \$7 million for
13 [****BEGIN CONFIDENTIAL****] [REDACTED] [****END
14 CONFIDENTIAL****], with additional amounts paid by the contractor’s and KIU’s
15 insurers. This line was permitted to operate in 2017 with total project costs for KIU of
16 approximately \$12 million.

17 Operating in a high-end resort means that our facilities must be both functional
18 and attractive. We take great pains with the appearance of our equipment, and we must
19 safeguard Kiawah’s natural habitat. A photograph of our office on Sora Rail Road is
20 shown below as Exhibit BD-2.

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Exhibit BD-2 - Office and Pump Station



2 **Q. PLEASE PROVIDE AN OVERVIEW OF KIU'S WATER SYSTEM AND**
3 **CUSTOMERS.**

4 A. On December 31, 2020, KIU served 4,323 water customers, the majority of which are
5 residential. During grow-in and high-temperature months, domestic irrigation (homes
6 and commercial) often reflects 75% of the system demand. KIU services its water
7 customers through approximately 70 miles of water pipelines on the Island. It pumped
8 901 million gallons of potable water to its customers in 2020 with an average daily
9 flow of 2.469 million gallons. The peak day demand was 4.659 million gallons, which
10 occurred on May 15, 2020. To ensure the customers' demands are met, KIU maintains
11 two water pumping facilities, two Aquifer Storage and Recovery systems for peak
12 shaving and emergency conditions, and 4.5 million gallons of ground storage. A
13 picture of our Governors Drive pump station is included as Exhibit BD-3. The water

1 system is operated under South Carolina Department of Health and Environmental
2 Control (“DHEC”) Permit No. 1010008.

3 Ex. BD-3 - Governors Dr. Water Pump Station



4 **Q. PLEASE PROVIDE AN OVERVIEW OF KIU’S WASTEWATER SYSTEM**
5 **AND CUSTOMERS.**

6 A. As of the end of the 2020 test year, KIU served 3,730 sewer customers, the majority of
7 which are residential. KIU's sewer system is comprised of a wastewater treatment
8 facility, 53 sewage-pumping stations, and gravity collection mains, force mains, and
9 treated effluent transfer mains, aggregating approximately 71 miles. The wastewater
10 treatment facility is located at the central plant at 31 Sora Rail Road; photographs are
11 included below as Exhibits BD-4 and BD-5.

Ex. BD-4 - Wastewater Treatment Cell # 1



Ex. BD-5 - Treated Effluent Storage Cell



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Q. PLEASE DESCRIBE THE IMPROVEMENTS AND MAINTENANCE MADE TO KIU'S WATER AND WASTEWATER SYSTEMS SINCE THE LAST RATE CASE.

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A. Major improvements since the last rate case include the replacement of aging meters with the Advanced Metering Infrastructure (AMI) metering system, installation of two water transmission mains to provide redundancy and enhancement of services to our customers, advanced screening at the headworks and final discharge of the wastewater treatment facility, effluent pump replacements, deep well rehab, and water pump upgrades. Additionally, we increased our fleet with two service vehicles and equipment that allows for repairs and maintenance activities to be made more

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1 efficiently and safely. Some of the larger pieces of equipment added included a Ditch
2 Witch vacuum unit, Goodwin diesel pump with floats, light tower and portable
3 generator, and a Kubota excavator. Building maintenance included siding repairs and
4 new roofs, flooring, and painting.

5 **Q. IT HAS NOW BEEN OVER FIVE YEARS SINCE KIU WAS ACQUIRED BY**
6 **SOUTHWEST; PLEASE DESCRIBE THE EFFECT ON KIU THAT**
7 **SOUTHWEST'S OWNERSHIP HAS HAD.**

8 A. As mentioned above and the Commission is aware, SouthWest acquired control of KIU
9 in 2016. During introductory meetings with the ORS, there was excitement about
10 having a company such as SouthWest entering the State. Much of the excitement was
11 driven by the financial stability of SouthWest and its ability to acquire other systems
12 that were either poorly run or without adequate financial backing to make necessary
13 improvements to remain compliant. SouthWest expressed its interest in growing its
14 footprint in South Carolina and was encouraged to have the support of this regulatory
15 body. Over the next five years, SouthWest has moved in that direction, acquiring three
16 additional utilities in the Beaufort area as well as two in Columbia. The financial
17 strength of any business such as KIU is vital to maintain ongoing improvements to
18 enhance customer service, complete improvements to aging infrastructure and
19 appurtenances, and perform upgrades to the system to ensure adequate flows and
20 pressures are available to our all our customers. Such enhancements could not occur

1 without adequate funds, which is the reason we are seeking approval of this requested
2 increase before the Commission.

3 **Q. PLEASE DESCRIBE THE EFFORTS OF KIU THAT CONTRIBUTED TO**
4 **THE SUCCESS OF THE PGA CHAMPIONSHIP HELD ON KIAWAH ISLAND**
5 **IN 2021.**

6 A. South Carolina is the home of many signature events that support not only tourism
7 dollars but also introduce this great state to the rest of the world. One of those signature
8 events, The PGA Championship occurred at Kiawah during May 2021. KIU worked
9 closely with officials at the Town of Kiawah Island, the Resort, the Community
10 Association, developer, and the PGA to ensure that we were fully prepared for the
11 event. We coordinated construction activities so that restoration landscaping was
12 completed ahead of the event, and even allowed the use of some of our property to help
13 with logistics. Regardless of our excellent preparation efforts, strange things can occur
14 at a utility, and at the worst times. Such was the case at KIU when, on the Monday
15 afternoon of PGA Week, a tree root cracked a PVC water main along Governors Drive,
16 the main thoroughfare on the island. Pressurized water quickly created a very large
17 hole on the side of the road causing a significant safety hazard and a loss in line pressure
18 downstream. KIU staff responded quickly and, working with the Kiawah Island
19 Community Association, saved the road from collapse, repaired the line, backfilled the
20 hole, hired an arborist to take the tree down, and landscaped the whole area overnight
21 so that our customers and visitors never knew an issue existed in the area; see Exhibit

1 BD-6 below. The tournament was a success and, once again, contributed to the prestige
2 of Kiawah Island and the property values of its residents.

3 Ex. BD-6 – Morning after water main restoration during PGA week.



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5 **Q. PLEASE PROVIDE AN OVERVIEW OF KIU'S CUSTOMER SERVICE**
6 **OPERATIONS.**

7 A. KIU has a staff of 15, with 11 staff working in operations and maintenance and four
8 staff primarily providing office support. Currently, twelve of the KIU staff are
9 Licensed Operators with certifications through the South Carolina Labor, Licensing,
10 Regulation (LLR) agency. Every staff member is trained to focus on providing quality
11 service to customers, whether by making repairs in a timely manner or courteously
12 addressing a customer's concern. As Director of Operations, I have observed
13 employees to be enthusiastic about going above and beyond routine customer service.

14 KIU has a duty operator on the island 24 hours a day, seven days a week, which
15 allows for prompt responses in the event of afterhours and weekend emergencies. KIU

1 staff understands that the majority of KIU customers do not reside on the island full-
2 time and therefore work diligently to be a valuable resource for the customers during
3 their absences. KIU consistently provides reliable, personalized customer service.

4 **Q. HAVE KIU'S CUSTOMERS FILED ANY COMPLAINTS WITH THE ORS**
5 **ABOUT THE COMPANY SINCE THE LAST RATE CASE?**

6 A. No.

7 **Q. HAS THE COMPANY HAD ANY COMPLAINTS SINCE THE LAST RATE**
8 **CASE? IF SO, HOW WERE THEY RESOLVED?**

9 A. Occasionally we have a customer complain about the minimum service fee when they
10 have not occupied the property for a period of time. Other complaints relate to online
11 billing functions. Customer complaints are typically addressed quickly with expert
12 guidance from our customer service staff and consistently with any applicable
13 regulations. KIU staff always go the extra mile to ensure the complaint has been
14 handled with thoughtfulness and tact.

15 **Q. HOW DOES KIU ADDRESS HIGH WATER USAGE BY A CUSTOMER?**

16 A. Kiawah Island has a warm climate, and many of our customers have substantial
17 irrigation needs, but our customers can nevertheless be surprised by their water bills.
18 Additionally, since many of our customers are non-residents, they are not always aware
19 of the automatic settings their landscapers have programmed on their controllers.
20 Whether the owners are on the property or not, irrigation water is being used according
21 to the automatic settings established by their landscape provider.

1 KIU offers to help customers experiencing higher usage than expected. First,
2 we try to be preemptive regarding high meter readings. If monthly meter readings
3 indicate usage beyond the normal range, an operator is dispatched to verify the reading
4 and to conduct a field investigation of any visible reasons for the excessive usage. If
5 the meter showing abnormally high usage is still running, the meter reader immediately
6 tries to determine if there is anything visible on the property such as leaking irrigation,
7 a broken water line, or a hose bib left open that may be contributing to the high usage.
8 If they find a hose bib running or faulty irrigation head at the time of reading the meter,
9 they will turn off the spigot or backflow device feeding the irrigation system. They
10 will document their actions to assist the customer service representatives in relaying
11 what was found and corrective action to the owner or their representative. If nothing
12 is visible on the outside of the home, they will follow up by contacting the homeowner
13 or property manager to inform them of the high reading.

14 Over the years, KIU has documented various reasons for excessive usage,
15 including the following: faulty toilet components, broken irrigation heads, water left
16 running on outside hoses, stuck pool fill valves, faulty fill valves on outside fountains,
17 and irrigation timers defaulting to settings that increase irrigation schedules. Because
18 our operators do not know specifically what apparatuses a customer may have that are
19 water dependent (HVAC systems, water heaters, swimming pools, etc.), KIU generally
20 will not shut a meter off due to high usage without permission from the customer. By
21 obtaining customer approval before shutting off a meter with high usage, KIU reduces
22 potential damage to a customer's property.

1 The second way KIU assists customers with their high usage situations is by
2 offering to conduct irrigation tests on their systems free of charge to determine how
3 much water is being used during an irrigation cycle. Many times, this irrigation test
4 involves coordination with the owner's landscaper to access the irrigation controller.
5 KIU staff, along with the owner or their representative, will determine the watering
6 schedule set at that specific time. They will run through each zone to determine the
7 gallons per minute and plug in the actual time set on the controller for that zone. They
8 go through the entire schedule and produce a spreadsheet showing the gallons used for
9 irrigation at the time of the test. KIU staff spend considerable time encouraging
10 customers to become more involved in the operation of their irrigation systems and to
11 perform periodic testing themselves to ensure that control settings align with watering
12 needs.

13 During 2021, KIU undertook a major meter change-out program in which all of
14 the aging manual-read meters were replaced with AMI meters. This advanced
15 technology allows customer service representatives to review usage history, create
16 charts, and provide real time usage patterns to our customers. Additionally, this
17 technology allows the customer service representatives to pull reports that reflect
18 continuous usage and inform a customer that something is causing continuous flow.
19 Recently, there have been two occasions in which the cause of continuous flow was
20 related to stuck pool valves. Our IT department is in the process of enhancing customer
21 engagement by implementing VertexOne's WaterSmart/Customer Advantage
22 integration, which will allow customers to see their own usage and set alarm parameters

1 that best suit their individual patterns of use. We expect this exciting rollout to occur
2 in February 2022.

3 **Q. PLEASE DESCRIBE KIU'S CURRENT AND PROPOSED RATE**
4 **STRUCTURE.**

5 A. The existing and proposed base rate structure is fair and equitable to our customers
6 because it provides a mechanism whereby those consuming the water are charged
7 according to the ERU available through the various meter sizes. Base rates increase
8 incrementally based on ERU. The fixed costs required to run KIU's daily operations
9 are used in calculating the base fees. Additionally, the collection of the base fee, as
10 with any other service provider, ensures delivery of that service upon demand, no
11 matter how often the service is called for. Our base fees are consistent by meter size
12 throughout our residential, commercial, and irrigation schedules.

13 The tiered usage rate encourages and allows those residential customers
14 exercising conservation to benefit from the lowest tier. The consumption rates are
15 consistent no matter the meter size but increase with usage.

16 The cap of 11,000 gallons for the residential sewer consumption charge was
17 established based on the average usage for our residential customers. The majority of
18 homes on Kiawah Island run their irrigation systems through their single supply line
19 instead of installing a separate irrigation meter. Capping the usage for sewer charges
20 at 11,000 gallons allows them to continue this practice without additional sewer
21 consumption charges applied.

1 Kiawah currently has a total of five golf courses, which are identified in our
2 DHEC Wastewater Permit as our “discharge” fields. Although there are lines directly
3 feeding each of these courses from the holding ponds at the treatment facility, we
4 currently are only serving three regularly. KIU management and the owners of the
5 courses met to determine how to best utilize the available water resources for golf
6 irrigation. At that time, the single owner of four of the five courses decided to come
7 up with an alternate supply for two of their four courses, with the understanding that
8 when the blended product was needed, as available it would be supplied. As a seasonal
9 resort island, treated effluent flows range from .300 to 1.300 MGD. These varying
10 flows create a need to add well and potable water to consistently meet golf course
11 irrigation needs, which can exceed 1.0 MGD per course. Well and potable water is
12 blended with effluent at the outfall structure, therefore all water in the holding lagoons
13 is considered a blended product. We track all water in by source and out by course on
14 a daily basis. Meetings were held with the management teams of the golf courses to
15 review the billing processes based on the monthly blended rate. They agreed that this
16 procedure was fair and equitable.

17 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

18 **A.** Yes, it does.